

## ASX RELEASE

2 May 2018

### **DUE DILIGENCE DRILLING COMMENCES ON KAMILOMBE AND MWILU PROJECTS IN THE DEMOCRATIC REPUBLIC OF CONGO**

Taruga Gold Limited (ASX: **TAR**, **Taruga** or the **Company**) is pleased to announce that it has commenced diamond drilling the highly prospective Kamilombe Project. Four of the historic holes drilled by previous owners, KCC and Gecamines at Kamilombe, will be twinned for a total of 910m. Historic drilling results reported in the ASX release on 1 March 2018 included:

- **26.5m @ 2% Co** and 1% Cu from 78.1m & **32.2m @ 3% Co** and 0.5% Cu from 209.6m;
- **33.6m @ 2% Co** from 77.93m; and
- **46.8m @ 2% Co** from 7m.<sup>1</sup>

The Company announced on 4 April 2018 that it has contracted Equity Drilling Limited to conduct short due diligence drilling programmes at Mwilu and Kamilombe. To date, Equity's drill rig has not been released from DRC customs. Taruga has subsequently contracted Katanga Exploration Company (Hong Kong) Limited to start the initial drilling.

All holes at Kamilombe are vertical and will be surveyed every 30m with orientations measured with a Reflex tool throughout the hole. Due to expected bad ground conditions holes will be started with PQ down to a maximum of 150m after which they will be drilled with HQ size. The drilling is expected to confirm grade, widths and stratigraphy, as announced 1 March 2018.

Field work carried out at both projects have confirmed the reliability of the Niton XRF handheld analyser (Niton), provided the samples have a low iron content. Samples will be prepped at ALS Global's laboratory in Lubumbashi, where a split will be analysed using the Niton prior to samples being sent to their accredited laboratory in Johannesburg for 4 acid digest and ICP-AES finish.

First Niton results can therefore be expected within 4-6 weeks.

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<sup>1</sup> Note: A diamond drilling programme was carried out by KCC Katanga and Gecamines which ended in 2013 at the Kamilombe project. Diamond drilling is vertical and refers to down hole intersections, true width is not known at this stage. Cautionary Statement: No detailed information regarding logging, core recoveries, surveys, QAQC has been provided, and the Exploration Results have not been reported in accordance with the JORC Code 2012 or made publicly available. The Company will twin a selection of these holes during the pending drilling programme to confirm the current model, grades and widths and true thickness of mineralisation reported by Gecamines/KCC Katanga. It is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012.

At Mwilu, a diamond drill fence will test the underlying mineralisation over a width of 1,500m down to a maximum depth of 350m. Additional shallow holes will be drilled to confirm the grade and metallurgy of near surface mineralisation for potential, small scale, early production. Once Equity's drill rig has been released from customs drilling will commence at Mwilu.

There are no records of historic drilling at Mwilu, however, recent channel sample results announced on 4 April 2018 included:

- **0.7m at 16.2% Co** (northern exposure)
- **1m at 3.89% Co** (southern exposure)
- **2m at 4.81% Co** (southern exposure)

Holes at Mwilu will vary between vertical and -55 degrees and will be surveyed every 30m with orientations measured with a Reflex tool throughout the hole. A selection of core samples will also be sent to South Africa for detailed metallurgical recovery analyses.

Mwilu and Kamilombe lie within the Kolwezi "Klippe" within the Central African Copper Belt, which hosts many of the largest known copper-cobalt stratiform deposits both in the south-eastern DRC and Zambia. Channel sampling and drilling to date has confirmed that both the Mwilu and Kamilombe have potential to host high grade cobalt mineralisation and low grade copper.

#### **Due Diligence – Madini Licences and PR12423**

The ongoing due diligence on the Madini licences and PR12423 is progressing well with a decision to continue expected within coming weeks.

For more information contact:

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#### **Competent Person's Statement – Exploration Results**

*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Mark Gasson, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Gasson is an Executive Director of Taruga Gold Limited. Mr Gasson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Gasson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## **Operating in the Democratic Republic of Congo**

The main projects in which Taruga proposes to acquire are located in the Democratic Republic of Congo (**DRC**). The Company will be subject to the risks associated with operating in DRC. Such risks can include economic, social or political change, changes of law affecting foreign ownership, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to DRC mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in DRC may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

## **Exploration Risk**

The mineral licences in which Taruga proposed to acquire are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these licences, or any other licences that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.



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### JORC Code, 2012 Edition – Table 1 report template

#### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<p>Sampling completed by Taruga is geochemical sampling.</p> <p>Samples were collected from a series of trenches and pits of varying depths and submitted to ALS Global in Lubumbashi for sample prep. A split of the prepped samples was analysed by a Niton XRF analyser reported on 1 March 2018.</p> <p>A total of 47 samples were analysed using 4 acid digest and ICP-AES finish by ALS Global. 4 duplicate samples were included for QAQC.</p> <p>Sample locations were located using a GPS, and channel sampling has been completed perpendicular to stratigraphy where possible having a minimum length of 30cm and a maximum length of 2m.</p> <p>Historical geochemical data is being reviewed and will be validated during the Due Diligence period.</p>
Drilling techniques	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<p>No drilling has been completed by Taruga.</p> <p>This announcement refers to historical drilling completed at the Kamilombe prospect. This drilling is diamond drilling.</p> <p>The Company has received written geological logs for the drilling, including sampling information. Drill holes are vertical. Geological logs have been reviewed during the assessment process, however the</p>



Criteria	JORC Code explanation	Commentary
		<p>Company intends to undertake drilling during the Due Diligence period to twin holes and verify information.</p> <p>Additional data relating to the drilling is being pursued during the Due Diligence period.</p>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results asses</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>No drilling completed by Taruga.</p> <p>Historical drilling information is referred to in this announcement and this information has been received as geological logs of the drill holes.</p> <p>No comments regarding samples recoveries are noted. No comment is made on the relationship between recovery and grade.</p> <p>Taruga will review this information during the Due Diligence period.</p>
<b>Logging</b>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<p>Samples are geochemical samples. Information pertaining to the geology, sample grain size, degree of weathering and local topographical conditions were recorded.</p> <p>Taruga has received historic geological logs of the previous diamond drilling. No information is supplied regarding the geotechnical logging of the core.</p>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material</i></li> </ul>	<p>Taruga has collected geochemical sampling. Samples are “grab” samples, or samples from historic trenching.</p> <p>No sub-sampling has occurred.</p> <p>For the historic drilling data sampling data is reported in the geological drill logs, however no comment is made on percentage of core sampled.</p> <p>No QAQC information is available.</p> <p>Taruga intends to undertake drilling during the Due Diligence period, including twin holes, and will incorporate appropriate QAQC to provide confidence in the data.</p>



Criteria	JORC Code explanation	Commentary
<p><i>being sampled.</i></p> <p><b>Quality of assay data and laboratory tests</b></p>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<p>Sampling completed by Taruga is geochemical sampling.</p> <p>Samples were collected from a series of trenches and pits of varying depths and submitted to ALS Global in Lubumbashi for sample prep. A split of the prepped samples was analysed by a Niton (XRF) XL3 Analyzer as reported on 1 March 2018.</p> <p>A total of 47 samples were analysed by ALS Global in Johannesburg for 4 acid digest and ICP-AES finish. This included 4 duplicate samples inserted for QAQC.</p> <p>All 4 repeat samples reported acceptable levels of variation.</p> <p>For the historical drilling data referred to in the announcement no details of assaying technique are available. No details of QAQC are available.</p> <p>Taruga intends to undertake a drilling programme during the Due Diligence period and will complete QAQC sampling.</p>
<p><b>Verification of sampling and assaying</b></p>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<p>The data collected by Taruga refers to geochemical sampling. No verification has been undertaken at this stage.</p> <p>The data is maintained in an electronic format containing assay and logging information.</p> <p>No adjustment to the assay data has occurred.</p> <p>Historical drilling data relating to the Kamilombe prospect relates to geological logs received by Taruga. Intersections listed in this announcement have been reviewed and Taruga personnel.</p> <p>Taruga intends to undertake drilling during the Due Diligence period, including Twin holes to verify the historic drilling.</p>



Criteria	JORC Code explanation	Commentary
		<p>Taruga has received geological logs. No digital data of historic drilling is available. Taruga intends to create a digital database of historic data.</p> <p>No adjustment has been made to any assay information.</p>
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>Geochemical sample points collected by Taruga were located by GPS.</p> <p>Historical collar positions were observed in field reconnaissance. No surveying was completed.</p>
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<p>Geochemical sampling has been completed wherever mineralised stratigraphic were exposed. These were either in outcrop, down pits or in trenches. Samples were reconnaissance by nature.</p> <p>Historic drilling at the Kamilombe prospect is completed on a 200m x 200m grid with vertical drill holes.</p> <p>Data is not considered suitable at this stage appropriate for a Mineral Resource and Ore Reserve estimation.</p> <p>No sample compositing has been applied.</p>
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<p>Samples were collected perpendicular to the stratigraphic orientation wherever possible. Grab samples did not honour geology.</p> <p>For the historic drilling no comment is made on the drill orientation (vertical) and geology. Taruga will review this during the Due Diligence period.</p>
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<p>Samples were collected by employees of TAR.</p> <p>Samples were transported to Lubumbashi under the supervision of TAR's senior employee before being submitted to ALS Global Laboratory in Lubumbashi for sample prep. No comment can be made on sample security of historic drilling.</p>



Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	No audits completed.

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<p>This announcement relates to results reported from the Mwilu and Kamilombe Projects (portions of PE's 4960 and 11599 respectively) and an update on the due diligence on Madini's PEPM 2315, PR's 12726, 12727 and 13728 and PR 12423 located in the Democratic of Congo (DRC). The acquisition and deal terms were announced 1 March 2018. The permits covers an area of roughly 122km<sup>2</sup>.</p> <p>The validity of the title has been reviewed on Government databases, however a proper legal opinion on the status of all licences will be provided as part of the Due Diligence process.</p> <p>All agreements are subject to due diligence periods of between 4 weeks and 6 months during which Taruga has committed to short drilling programmes.</p>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<p>Little exploration was undertaken by other parties other than mapping and sampling programmes by African Minerals (no records available) followed by a reconnaissance programme conducted by l'Entreprise Generale Malta Forrest (<b>EGMF</b>). There are no records as to sample type, QAQC controls or method of analysis used by EGMF. EGMF concluded that there was little potential for copper on the licence which they returned to the vendor.</p> <p>A diamond drilling programme was carried out by KCC Katanga and Gecamines which ended in 2013 on the Kamilombe project. No detailed information regarding logging, core recoveries, surveys, QAQC has been</p>



Criteria	JORC Code explanation	Commentary
		<p>provided. The Company will twin a selection of these holes during the due diligence period to confirm grades and widths and true thickness of the results reported by Gecamines/KCC Katanga.</p> <p>Early stage exploration consists of geochemical sampling.</p> <p>No other exploration is known to have been completed within the permit areas.</p>
<b>Geology</b>	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p>All permits are located within the Central African Copper Belt. The Copper Belt extends over an area of 700km x 400km, from south-eastern DRC into Zambia.</p> <p>Mineralisation style is sediment hosted Copper-Cobalt mineralisation.</p> <p>Previous geological exploration within the Copper Belt targeted the lower sedimentary sequences (known as the “Mines Group”), however recent work has highlighted mineralisation in the overlying Mwashya and Nguba groups. Significant discoveries include the Kamoia deposit (Ivanhoe Mines) where mineralisation is hosted in the “Grand Conglomerate Formation” at the base of Nguba group (also referred to as the Lower Kundulungu).</p> <p>Locally the geology within the permit areas consist of carbonaceous shales and siltstones of the Kundulungo group and more than 28km of Roan Mines (R2) Series.</p>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>• <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>○ <i>easting and northing of the drill hole collar</i></li> <li>○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li>○ <i>dip and azimuth of the hole</i></li> <li>○ <i>down hole length and interception depth</i></li> <li>○ <i>hole length.</i></li> </ul> </li> <li>• <i>If the exclusion of this information is justified on the basis that the</i></li> </ul>	<p>No drilling completed by Taruga.</p> <p>Historical drilling has been completed at the Kamilombe prospect, however the company has received only preliminary information in the form of geological drill logs. Taruga intends to undertake validation drilling as part of the Due Diligence period and will also undertake a review of the historic drilling including survey of collars and creation of a database from geological logs as well as pursuing original geological databases that may contain additional information.</p>

Criteria	JORC Code explanation	Commentary
	<p><i>information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	
Data aggregation methods	<ul style="list-style-type: none"> <li>• <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li>• <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li>• <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	No data aggregation methods were provided.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• <i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li>• <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li>• <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i></li> </ul>	<p>Samples are geochemical samples. Where possible channel samples were collected perpendicular to the stratigraphic horizons. No assumption is made to the orientation of underlying stratigraphy in the grab samples.</p> <p>For the historic drilling at the Kamilombe prospect no comment has been made as the geometry of the mineralisation. The drilling is wide spaced (200m x 200m grid) and drilling is vertical. Announcement refers to "Down hole length, true width not known".</p>
Diagrams	<ul style="list-style-type: none"> <li>• <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	No diagrams were included in the current release. Relevant diagrams were included in ASX announcements released on 1 March 2018 and 4 April 2018.
Balanced reporting	<ul style="list-style-type: none"> <li>• <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	This ASX announcement provides a summary of all known exploration activity completed within the permit area. No information has been excluded.
Other substantive	<ul style="list-style-type: none"> <li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical</i></li> </ul>	No other relevant data.



Criteria	JORC Code explanation	Commentary
<p><i>exploration data</i></p>	<p><i>survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	
<p><i>Further work</i></p>	<ul style="list-style-type: none"> <li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<p>Historic exploration consists of geochemical sampling and drilling with partial cover of the permits. Taruga will confirm drill results from historic work as well as conduct drilling programmes at the Mwilu and Kamilombe Projects during the 6 month due diligence period and will conduct soil geochemical and air core drilling programmes on all early stage projects on completion of the initial due diligence programmes. The immediate future work is a process of Due Diligence drilling, geochemical sampling with samples dispatched to a commercial laboratory for analysis and verification of the surface anomalies.</p>